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ABSTRACT

Arranged in two sections, this paper details a project for incorporating ongoing economics study into a sixth-grade curriculum by creating an imaginary economic system. Section 1 highlights the main activities of the project, which include the following. A money system, based on units of 12 to enhance multiplication skills, was instituted, with students earning money for doing homework, working around the room, and serving as class officer; further, students spent money for misbehaving, failing to finish assignments, renting the room and desks, and using the room utilities. Following a 2-week freeze to enable students to accumulate capital, students were held responsible for all expenses. Biweekly auctions were instituted to teach about pricing, supply and demand, saving, and economic decision making. Class officers were elected for 2-week paid terms. During the second semester, the option of money market certificates and private enterprise (private desk washing services) were introduced into the system as economic incentives. Section 2 outlines class profile, project objectives, economic content, area objectives, and evaluation. Appendices contain a summary of the money system, weekly schedule, price indexes, money equivalents, and examples of money. (LP)

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SOLD TO DOMINIC FOR 1 TROY AND 3 (24) FIN

AN ECONOMIC MONEY SYSTEM

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Grade 6 Economic Unit

SO 015 136

SOLD TO DOMINIC FOR 1 TROY AND 3 (24) Fin

Opening the door to Room 2, the following exchange is heard:

"... 3 (24) Fin", says Dominic.
" 4 (24)," yells Mercedes.
" 1 Troy," shouts Dominic.
" 1 Troy, 2 (24) Fin," says Mercedes, hesitantly.
" 1 Troy, 3 (24) Fin," says Dominic.
Mercedes shakes her head and Dominic grins.
"1 Troy 3 (24) Fin for this card game. 1 Troy 3 (24) Fin going once, 1 Troy 3 (24) Fin going twice... Sold to Dominic for 1 Troy and 3 (24) Fin."

What is a Troy? What is a Fin? What did Dominic buy? What is going on in Room 2? These are certainly questions which would come to mind if an unsuspecting person entered the room with no warning. This auction is one way Economics and Reasoning is taught in the sixth grade class at Washington Elementary School. Firmly believing that economics is extremely important to our world today, I decided to teach it to my class two days a week. I devised a money system, using fictitious money, to be used in our economic society, Room 2.

On the first day of school, during my introduction to our year, I told the class we would have a money system in a few weeks as soon as we got all settled and organized. They were excited just by the mention of money. After a two week period of classroom adjustment, I felt the students were ready to accept the concept of an economic society. I introduced the money system by telling the class that they were going to be able to earn some fake money by doing homework, doing jobs in the room, such as lunch worker, counter cleaner, room monitor, paper passer, board washer, messenger, etc., being elected President, giving oral book reports and other things. (for a complete list of income see Appendix B). They felt this was great- getting PAID to come to school!

Next, expenses were introduced. The students would have to pay for late homework, messy desks, paper left on the floor around the area, partaking of illegal substances, such as gum, candy and food, and restroom passes. This certainly was not as welsome as the income but the students thought they could handle it. (For a complete list of expenses see Appendix B).

I received moans and groans when rent was introduced. I told the class that the room was mine. Since I owned the room, I owned everything in it including the desks. Since the desk was used by the students every day and contained their possessions, it was only fair that I receive rent. I compared it to their parents paying rent on their homes. Several students said that if they did not use the desks they would not have to pay rent. I said this was fine, but sitting on the floor for seven hours, having no surface to write on, carrying their books and other possessions with them all day long, and taking everything home every night was their only alternative. The students reluctantly agreed that rent was the best option they had.

The groans were worse when I told them they would also pay for utilities, which included electricity, water and room maintenance. The class as a whole was in an uproar and said that they just would not use those utilities. Again I said this was fine, but that meant no lights, no movies or filmstrips, no computer, no heat or air conditioning, no record player, as all these required electricity. As for no water usage, that meant no drinks, no washing hands after a messy art project, and no way to clean the desks. And I would inform the custodians that we would do all the vacuuming, mopping, window washing, dusting and other necessary cleaning of our room. The students realized very quickly that paying for utilities was better that being without all those necessities.

Finally, the money itself was introduced. The names were fictitious to get away from the U.S. Money System, and were based on twelves to enhance

their math skills. (Samples and equivalents of the money can be found in Appendix C).

Each student was given a zip lock bag for their money. They had the option of keeping it themselves or putting it in the class bank. I was the banker and provided interest and security from theft. On the other hand, the students ran a risk if they kept the money in their desks. Lisa asked if the interest would be paid daily or weekly. Trying to test her knowledge, I asked what the difference would be. She responded that if it was paid daily she would receive interest on her interest. (I pay daily interest rates of 6 Fin per Troy per day). Most of the students elected to keep their money in the bank, but some kept change at their desks for easy access.

I allowed the students to have two weeks free from rent and utilities to allow them time to build up some income. At the end of the two week period the students paid their first set of expenses and we had our first auction. The auction idea was devised to give the students a practical experience with a model. I provided items for the first auction which included pens, pencils, erasers, a poster, recess jump rope pass, small toys, and a bracelet. The students were so excited that the prices were very eratic. The bids were usually the amount the student had in his possession and each sucessive bid jumped tremendous amounts. The first auction was held before the students paid expenses to see how many would set aside money for rent, utilities, and other expenses. About one-fourth of the class did this, whereas the rest of the class tried to buy items for any price. When it came time to pay the expenses most of the students had spent all of their money. So the bank opened a loan department with daily interest (12 Fin per Troy per day).

We had auctions every two weeks; the second auction went much better than the first. Most of the student laid aside money for expenses, but the bids

were still out of line. By the third auction, the students were bringing in items to sell. This meant they would receive the selling price less my commission. At this same time the students started getting the idea of the bids. The bidding stairted to go in the usual increases unless a student really desired an item. Then, they bid an amount which they hoped would not be contested.

Room 2 also has a President and a Vice President who were elected every two weeks. They had a two week term of office and received a salary. Their main job was to appoint employees for the weekly and daily jobs and to organize any other activities that arise, such as parties, surprise desk checks, and field trips. All the students had a chance to be President before anyone could have two terms of office, but there were no restrictions on the Vice Presidency. We had a very democratic atmosphere in the classroom. The students voted on any major changes or concerns which affected the entire classroom.

A classic example of how the class worked and thought is illustrated by this case in point. A new student, Brad, arrived at the start of second semester. The question arose," What would he do because he had no money?" I said I would give him two weeks free from rent and utilities, just as I had given them. And perhaps, I could give him some money. I received total rebellion!! It was not fair to give him money when the other students had had to earn their money. They agreed to two weeks free expenses, but no free money. It just so happened we had elections that day. Surprise, Brad was elected President! When another teacher commented that Brad must have been very popular to be elected so soon, two girls explained that Brad was not popular, but that he needed money. Democracy at its finest!

The students also had the option to buy their desks for a set price (1 Bana).

I would sell to anyone who had the money. If a student bought someone else's desk, they received the rent from that person. The only stipulation was that I set a ceiling price on the rent (1 Troy, 3 (24) Fin). It took about six weeks before the first desk was purchased. The students had to go through a land office bank to get a deed of sale for the property. That way I knew who owned what desks and this helped to prevent any arguments. Sometimes when a student needed money in a hurry a desk was sold for a ridiculously low amount. On the other hand, some students were greedy and wanted to own a lot of property. So they have paid triple the going price!

As the second semester started I decided that the students were making and spending money with relative ease, so I introduced a new incentive. I allowed them to open a money market certificate if they wished to increase their holdings. They were allowed to open a money market once a week. The only requirements were a minimum opening amount of money (6 Troys), and the certificate could not be taken out for five weeks. The money market paid double the interest of the regular savings account, so those students who had excess money were able to make a profitable investment. The students got to see their holdings once a week and they got very excited about how their money grew. I had students pool their money, so they could earn even more money.

In the course of the year I had a group of three students start a professional desk washing company. They called themselves the "Desk Washers" and they would wash a desk after school for a fee. They even produced credit cards to be used when the customer had no available money. They paid utilities to halp pay for the use of water and soap their business consumed. Another group of two boys brought in notebook paper and sold it to needy students, calling themselves "The Paper Sellers."

The classroom became less teacher oriented and more student oriented throughtout the year. The students would think up new penalties for different offenses and classroom management became much easier. When dealing with money the students tended to be better behaved, rather than have to pay the price for the penalty. All of the activities involved with the money system are correlated with an economic pricipal. This made it much easier to explain the concepts to the students when they had a working model to compare it to. Several of the students started putting their allowances into a savings account, because they had learned that interest increased their amount of revenue. Students helped their parents with shopping, illustrating to their parents that they learned to comparison shop and look for the best deal for their money. My students learned that decisions play a major role in their lives, and they learned how to make decisions which were best for them at the time. They were thinking up their own ideas for jobs and companies and other ways to make money.

This lesson takes time and effort and intense planning, but the results are exceptionally rewarding. The concept of economic decision-making is made very real and challenging for the students, and they are involed in this for a full year. The students in Room 2 wait for our two economic class days and are very disappointed if something comes up to change the schedule. However, most important, the students in Room 2 at Washington Elementary are learning to become better citizens, more informed consumers, to use their newly learned reasoning skills, and will handle the real world money problems with more ease because of their experiences in the economic society of Room 2.

STUDENT PROFILE

Room 2 is composed of 18 students who are 11-13 years old. The students are below level students, and the majority come from low income families. The reading level of most of the students is 1-2 years below level.

OBJECTIVES

The student will demonstrate their decision making skills by making decisions involving buying and selling of items using fictitious money during a classroom auction.

The student will illustrate their knowledge of base twelve rather than base ten by having the correct amount of money when they exchange it at the bank.

The student will show that he has learned that decision making is required at all times by picking the best buys from a newspaper, comparing prices at different stores, deciding whether to do their jobs or assignments, and by deciding what to buy at an auction.

The student will demonstrate their knowledge of economic terms being able to apply them to other activities. They will tell what an opportunity cost is by giving concrete examples.

ECONOMIC CONCEPTS

The student will learn about decision making by making choices in various ways. They will have to decide if they will do their homework to get an income, if they want to be employed for the week, or if they will buy an auction item or save their money.

The student will learn about scarity, especially during the auction situation.

The student learns about supply and demand. If an auction item is popular, the demand is high and the price will usually go high and vice versa.

The student will compare their working money system with the U.S. Money System.

The student will learn about Opportunity Cost. We use it frequently with the decision making ideas.

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CULMINATING COMMENTS

In keeping track of the payments and expenses for each student I have made a system that works for me. I pay the students a day late so that I know what assignments they have turned in. Then on Friday I pay them for Thursday assignments in the morning and Friday assignments in the afternoon, right before we start Economics. I keep a chart of their late homework assignments and any other penalties, such as restroom passes, paper on the floor, gum and candy, etc. The chart is then put on the board at noon on Friday and the students can figure out how much they owe. I then call them by rows to pay, and I can see if they have the right amount of money.

The students kept their own bank book sheets daily and I paid them their interest from their stated amount. I did weekly audits without warning to make sure they were being honest, and this worked very well. I would like to write a computer program to do the banking and then the students could use it to enter their deposits and withdrawals and have a running account, but this is still in the planning stages.

I pay interest daily on the bank books and on the money market certificates. This was easier for me to do as there weren't so many figures to work with and the students enjoyed seeing how much they made a day.

Two changes I will make for next year are to have job applications for the classroom jobs, and the President and Vice-President will choose from the applications, rather than picking from raised hands. I will also set a maximum money market certificate amount, as I had several students who entered so much money that it was taking me about 20 minutes a day per person to figure out their interest.

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As I got proficient in figuring out interest amounts and payments, it took me about 20 minutes every morning to pay 20 students. This did not include figuring the interest on the money markets. I paid the students in the mornings and they came in and counted money, added their amounts to their bank sheets, exchanged money, paid any students they owed, and returned their bank books. This also took about 20 minutes every morning. On Friday when payments were made, it would take anywhere from 20 to 30 minutes to get all of this done. We frequently missed recess and ran into the next subject with no objections from the students.

I have included a general outline of the daily and weekly schedules in Appendix A, which can easily be adapted.

The whole unit was a success because the students accepted the money system as a working system for their use. I had parents comment frequently that their child was trying to explain the money to them. The parents thought it was complicated and the students could rattle off the amounts and count the money with ease. They were better at it than I was because I still have to convert it in my head, whereas they just did it. I think I learned more from the students!

Again, the unit does require a lot of time and work, but it was very fulfilling and worthwhile in my class and gave me a concrete example to relate economics to. They were able to understand because they were seeing a system work.

INTRODUCTION

I teach 6th grade in a school that is located in the low-income district of town. Most of the households are one parent,and rely heavily on welfare and other government subsidies. After taking a two week economics workshop I realized how much these children needed to have an economic background early, so I decided to try a money system in the room. I got the idea of a money system from one of the workshop assistants and modified it to meet my needs.

OBJECTIVES

The students will demonstrate their decision making skills by making decisions involving buying and selling of items using fictitious money during a classroom auction.

The students will illustrate their knowledge of base twelve rather than base ten by having the correct amount of moneywhen they exchange it at the bank.

The students will show that they have learned that decision making is required at all times by picking the best buys from a newspaper, comparing prices at different stores,deciding whether to do their jobs or assignments, and by deciding what to buy at an auction.

The students will demonstrate their knowledge of economic terms

by being able to apply them to other activities. They will tell what an opportunity cost is by giving concrete examples.

ECONOMIC GOALS

The students will learn about decision making by making choices in various ways. They will have to decide if they will do their homework to get an income, if they want to be employed for the week, or if they will buy an auction item or save their money.

The student will learn about scarity,especially during the auction situation.

The students learn about supply and demand. If an auction item is popular, the demand is high and the price will usually go up and vice versa.

The student will compare their working money system with the U.S. Money Sysytem.

The students will learn about Opportunity Cost. We use it frequently with the decision making ideas.

ORGANIZATION PROCEDURES

This activity was intended for a whole year and takes a lot of work to get ready and takes time during each school day. I told the class that we would have a money system in the room and they were excited just by the mention of money. I told them first that they would be paid fake money by doing homework, doing jobs in the room, being elected President, giving oral book reports, etc. They thought this was great- getting PAID to come to school. Then I brought up expenses. They would have to pay for late homework, messy desks, paper left on the floor, restroom passes and other "crimes". Finlly I mentioned that they would also have to pay rent on their desks and pay utilites. They didn't think this was really fair because then they couldn't get a lot of money. This is when I introduced the first economics. I told them that we would be making decisions and learning how to use money effectively. They had to pay rent and utilities because everyone needs a place to live and you need water and electricity to live comfortably. After much discussion, they realized that expenses are a part of every day living.

The money was then introduced. I purchased admittance tickets from a local retailer that I used as the smaller "change". I printed each of them on the back so that there could be no duplications. The bills were handmade and run off on a ditto. At this same time the students were given a zip lock bag for their money. They had the option of keeping the money in their desks or putting it in the class bank. I was the banker and provided interest and security from loss. The bank would pay

daily interest and most of the students chose to keep their money in the bank.

I allowed the students to have two weeks free from rent and utilities to allow them time to build up some income. At the end of the two week period the students paid their first expenses and we had our first auction. The auction idea was devised to give the students a practical experience with a model. I provided the items for the first auction which included pens, pencils, erasers, posters, small toys and a bracelet. The students were so excited that the prices were very eratic. The bids were usually the amount the student had in his possession and each successive bid jumped tremendous amounts.

The first auction was held before the students had paid their expenses to see how many would set aside money for rent, utilities and other expenses. Those who were thinking had set enough money aside to do this, but those who didn't had no money. So, the bank opened a loan department with daily interest charged.

The auctions were held every two weeks and after the third auction the students started realizing that they could only spend what they had available and had to make choices. They also started bringing in their own items to sell. They received the amount minus commission which went to the auctioneer (myself).

We also had a President and a Vice-President that were elected every two weeks. They were paid a salary and had specific jobs to perform. They were in charge of picking employees for the various jobs, keeping track of "crimes" that were committed and organizing any class events.

The students also had the option of buying desks in the room. They could buy their own or someone else's and then charge them rent. There was a set fee for the purchase of a desk and a set ceiling price for the rent. The students had to go through a land office bank to get a deed of sale for the property. That way I knew who owned the desks and sometimes property changed hands rapidly when a student needed money.

As the second semester started I decided that the students were making and spending money with relative ease, so I introduced a new incentive. I allowed them to open a money market certificate if they wished to increase their holdings. They were allowed to open a money market once a week. The only requirements were a minimum opening amount of money and the money had to remain in the bank for five weeks. At the end of the time they could renew the certificate or take their money.

The money market paid double the interest of the regular bank savings account and those students with excess money were able to make a profitable investment. The students got to see their holdings once a week and got very excited about how their money

grew.

Throughout the course of the year several students took the initiative to start their own companies. There was the "Desk Washers" and the "Paper Sellers" and they charged fees for their services. The Desk Washers even produced a credit card to be used when a customer was low on funds.

EVALUATION PROCEDURES

There was no easy way to give a test or evaluate the student in written form. The way I evaluated them was to watch their habits change and the use of the economic terms. In addition to the money system, I did teach a weekly lesson about economics and we used the money system as an example. They learned to make decisions and learned about opportunity costs and scarcity. All of this was interrelated. The money system was only a working model of what they were learning.

The classroom became less teacher oriented and more student oriented throughout the year. The students would think up new penalties for different offenses and classroom management became much easier. When dealing with money the students tended to be better behaved, rather than have to pay the price for the penalty.

All of the activities involved with the money system were correlated with an economic principal. This made it easier to explain the concepts when they had a working model to compare it to. Several of the students started putting their allowances into a savings account,because they had learned that interest increased their amount of revenue. Students helped their parents with shopping, illustrating to their parents that they had learned to comparison shop and look for the best buys for their money. My students learned that decisions play a major role in their lives, and they learned how to make decisions which were best for them at the time. They were thinking up their own ideas for jobs and companies and other ways to make money.

CLOSING REMARKS

This lesson takes time and effort and intense planning, but the results are exceptionally rewarding. The concept of economic decision-making is made very real and challenging for the students,and they are involved for a whole year. The students waited for our two economic days a week and were very disappointed if something came up to change the schedule.

In keeping track of the payments and expenses for each student I made a system that worked for me. I paid the students a day

late so that I knew what assignments they had turned in. Then on Friday I paid them for Thurday assignments in the morning and Friday assignments in the afternoon, right before we started Economics. I kept a chart of their late homework and any other penalties, such as restroom passes, paper on the floor, etc. The chart was then put on the board at noon on Friday and the students could figure out how much they owed. The students kept their own bank book sheets daily and I paid them their interest from their stated amount. I did weekly audits without warning to make sure they were being honest, and this worked well.

I paid interest daily on the bank books and the money market certificates. This was easier for me to do as there weren't so many figures to work with and the students enjoyed seeing how much they made a day.

As I got proficient in figuring out interest amounts and payments, it took me about 20 minutes every morning to pay 20 students. This did not include the interest on the money markets. I paid the students in the mornings and they came in and counted money, paid any students they owed, and returned their bank books. This also took about 20 minutes every morning. On Friday when payments were made, it would take anywhere from 20 to 30 minutes to get all of this done. We frequently missed recess and ran into the next subject with no objections from the students.

The whole unit was a success because the students accepted the money system as a working system for their use. I had parents comment frequently that their child was trying to explain the money to them. The parents thought it was complicated and the students could rattle off amounts and count the money with ease. They were better at it thanI was because I still had to convert it in my head, whereas they just did it. I think I learned more from the students.

Again, the unit does require a lot of time and effort, but it was very fulfilling and worthwhile in my class and gave me a concrete example to relate economics to. They were able to understand because they were seeing a system work.

APPENDIX A-1

SUMMARY SCHEDULE FOR MONEY SYSTEM

I. First day of introduction- make a statement about a future money system

II. Two weeks into school introduce system

A. Income

B. Expenses

C. Money

D. Property

E. Bank

III. Two weeks free rent and utilities

A. Allows for income to be made

B. Allows student to feel comfortable with money

IV. Rent, utilities and auction

A. Allows for putting money aside

B. Decisons in auction- items to buy, prices to bid, amount willing to spend

C. Opening Loan Department

V. Second Semester

A. Money Market

B. All property owned

C. Student control taking place

WEEKLY SCHEDULE

I. Monday

A. No payments

II. Tuesday

A. Pay Monday jobs, homework and interest

III. Wednesday

A. Pay Tuesday jobs, homework and interest

IV. Thursday

A. Pay Wednesday jobs, homework and interest

V. Friday

A. Pay Thursday jobs, homework and interest

VI. Friday noon

A. Pay Friday jobs, homework and interest

B. Pay expenses

C. Bi-weekly elections

D. Bi-weekly auctions

E. Open money markets

APPENDIX B

INCOME	
Homework completed on time	12 Fin per assignment
Jobs each day	24 Fin per job per day
Oral book report	24 Fin per book
Buy a book (Arrow)	1 Troy per book
Activities and bulletin boards	6 Fin per activity
President	4 Troys per week
Vice-President	1 Troy per week
Regular savings interest	6 Fin per Troy per day
Money Market Certificate	12 Fin per Troy per day

EXPENSES	
Chewing gum, cany food	24 Fin
Talking in line	12 Fin
Restroom pass	6 Fin
Paper or chair left on floor	12 Fin
Getting in other's desks	24 Fin first time, then
1 Troy	
Late homework	6 Fin per assignment
Rent on desk	1 Troy per week
Utilities	24 Fin per week
Buy a desk	1 Bana each
Bank loan interest	12 Fin per Troy per day

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APPENDIX C
AND TITLE

MONEY EQUIVALENTS

12 (1) Fin = 1 (12) Fin

2 (6) Fin = 1 (12) Fin

12 Troy = 1 Bana

12 Bana = 1 Mila

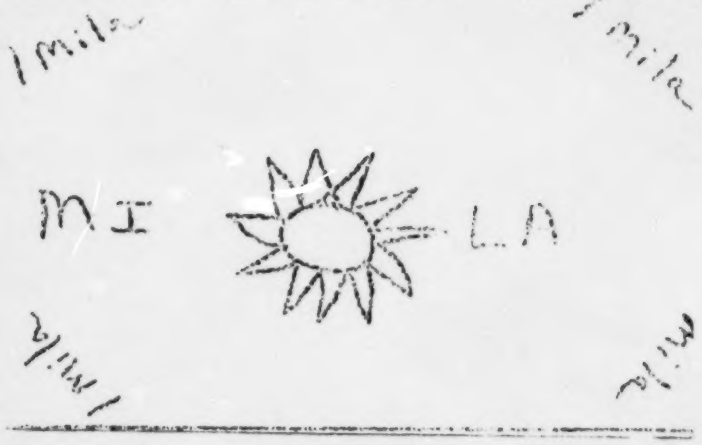
6 (24) Fin = 1 Troy

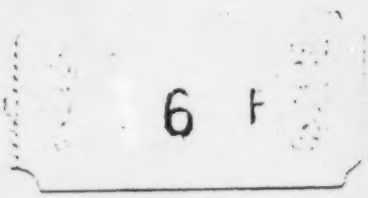
12 (12) Fin = 1 Troy

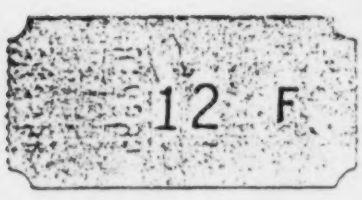
24 (6) Fin = 1 Troy

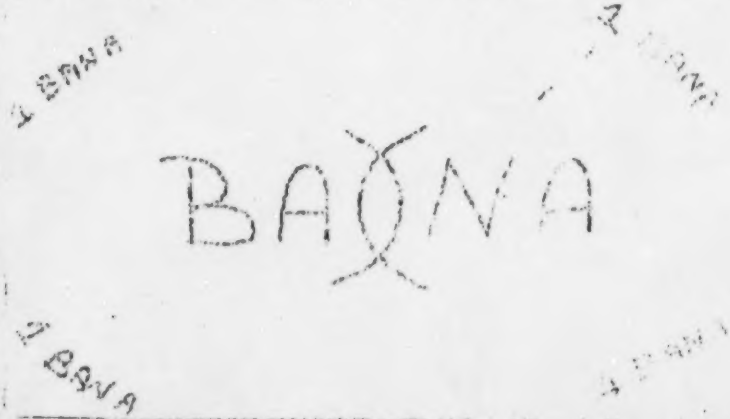
144 Troy = 1 Mila

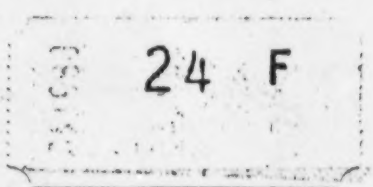
EXAMPLES OF MONEY











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